

BYE LAWS
OF
NATIONAL AGRICULTURAL COOPERATIVE
MARKETING FEDERATION OF INDIA LIMITED (NAFED)

(Incorporating amendments registered by the Central Registrar of Cooperative Societies, New Delhi, vide Registration Certificates dated 18-10-1976, 26-6-1978, 23-11-1979, 22.10.1996, 15.6.2001, 21.01.2003, 03.06.2004, 17.12.2004, 13.02.2008, 09.02.2009, 11.05.2010, 27.12.2010, 09.01.2013 & 19.02.2014)

Registration Number of NAFED is 117 dated 2nd October 1958.

Name and Address

- 1.(a) The Society shall be called 'National Agricultural Cooperative Marketing Federation of India Ltd.' and in Hindi version as :

“BHARTIYA RASHTRIYA KRISHI SEHKARI VIPRAN SANGH MARYADIT”

- (b) Hereinafter it shall be referred to as 'NAFED' and in Hindi version as :

' NAFED “

- (c) Its registered address shall be at New Delhi and any change in address shall be notified within 14 days of such change to the Central Registrar, Cooperative Societies.
- (d) The area of operation and the membership of Nafed shall extend to the whole of Union of India.

Definitions

- 2.** In these Bye-laws unless the context otherwise requires:

- (i) “NAFED” means the 'National Agricultural Cooperative Marketing Federation of India Limited.
- (ii) “ACT” means the Multi State Cooperative Societies Act 2002 as is applicable in the State/Union Territory in which the Head Office of Nafed is located.

- (iii) "State Level Marketing Society" means a federal society engaged for marketing, processing of agricultural produce and supply of production requisites and consumer goods and the area of which extends to the whole of a State or Union Territory.
- (a) "STATE" means territory defined as State in the Constitution of India.
- (b) "UNION TERRITORY" means a territory defined as Union Territory in the Constitution of India.
- (c) "COOPERATIVE SOCIETY" means a Society registered or deemed to be registered under any law relating to co-operative societies for the time being in force in any State equivalent to block level and above primarily engaged in Marketing/ processing of agricultural produce and related activities.
- (d) "REGIONAL COOPERATIVE SOCIETY" means a Society registered or deemed to be registered under MSCS Act 02 the area of operation of which extends to more than one State or a Union Territory
- (e) "NATIONAL CO-OPERATIVE SOCIETY" means a Multi-State Co-operative Society as specified in the Second Schedule of the Act.
- (f) "MEMBER" means a Cooperative Society/Institution or Central Government, who for the time being, is a member of the NAFED.
- (g) "NOMINAL MEMBER" means a society or company or association or any other organization who has been admitted as a nominal member on payment of nominal membership fees as prescribed in these Bye-laws. Such nominal members shall not have any right or obligation applicable to regular members of the NAFED.
- (h) "REPRESENTATIVE" means a person who is duly appointed by a member society in accordance with these Bye-laws or Government of India or other institutions who are qualified to attend the meetings of the General Body in accordance with these Bye-laws.
- (i) "SHARE CAPITAL" means capital invested by members as provided in these Bye-laws by purchasing shares of the NAFED.
- (j) "BOARD" means the Board of Directors of NAFED constituted in terms of these Bye-laws.
- (k) "EXECUTIVE COMMITTEE" means the Executive Committee constituted by the Board of Directors in terms of these Byelaws.

- (l) "BUSINESS COMMITTEE" means the Business Committee constituted by the Board of Directors in terms of these bye-laws.
- (m) "FINANCE, ACCOUNTS & AUDIT COMMITTEE" means the Finance, Accounts and Audit Committee constituted by the Board of Directors in terms of these Bye-laws.
- (n) "PROJECT AND DEVELOPMENT COMMITTEE" means the Project and Development Committee constituted by the Board of Directors in terms of these Bye-laws.
- (o) "SUB-COMMITTEE" means a committee constituted by the Board of Directors to undertake a specific task as may be considered necessary.
- (p) "CHAIRMAN" means a member of the Board of Directors who has been elected by the Board as the Chairman of NAFED in terms of these bye-laws.
- (q) "MANAGING DIRECTOR" means a person appointed by the Board of Directors as the Chief Executive Officer of the NAFED in terms of these Bye-laws.
- (r) "GENERAL BODY" means a body of representatives of members and representatives of other institutions constituted in accordance with these Bye-laws.
- (s) "CENTRAL REGISTRAR" means the Central Registrar of Co-operative Societies appointed under sub-section (1) of Section 4 of MSCS Act 2002 and includes any officer empowered to exercise the powers of the Central Registrar under sub section (2) of that section.
- (t) "AGRICULTURAL PRODUCE" shall also include horticultural, floriculture and forest produce, dairy, poultry, wool, animal husbandry and allied products.
- (u) "RULES" or "NOTIFIED RULES" means rules framed under the Multi-State Cooperative Societies Act 2002 as applicable to NAFED.
- (v) "OFFICER" means officer of NAFED as defined in the Act.

3(A) Objects

The objects of the NAFED shall be to organize, promote and develop marketing, processing and storage of agricultural, horticultural and forest produce, distribution of agricultural machinery, implements and other inputs, undertake inter-state, import and export trade, wholesale or retail as the case may be and to act and assist for technical advice in agricultural, production for the promotion and the working of its members, partners, associates and cooperative marketing, processing and supply societies in India. In furtherance of these objectives, the NAFED may undertake one or more of the following activities.

- (i) to facilitate, coordinate and promote the marketing and trading activities of the cooperative institutions, partners and associates in agricultural, other commodities, articles and goods;
- (ii) to undertake or promote on its own or on behalf of its member Institutions or the Government or Government Organizations, Inter-State and international trade and commerce and undertake, wherever necessary, sale, purchase, import, export and distribution of agricultural commodities, horticultural and forest produce, other articles and goods from various sources for pursuing its business activities and to act as the agency for canalization of export and import and interstate trade of agricultural and other commodities or articles under any scheme formulated by the Government of India or other Government agencies and to facilitate these activities, wherever necessary, to open branches/sub-offices and appoint agents at any place within the country or abroad;
- (iii) to undertake purchase, sale and supply of agricultural, marketing and processing requisites, such as manure, seeds, fertilizer, agricultural implements and machinery, packing machinery, construction requisites, processing machinery for agricultural commodities, forest produce, dairy, wool and other animal products;
- (iv) to act as warehouseman under the Warehousing Act and own and construct its own godowns and cold storages;
- (v) to act as agent of any Government agency or cooperative institution, for the purchase, sale, storage and distribution of agricultural, horticultural, forest and animal husbandry produce, wool, agricultural requisites and other consumer goods;
- (vi) to act as insurance agent and to undertake all such work which is incidental to the same;
- (vii) to organize consultancy work in various fields for the benefit of the cooperative institutions in general and for its members in particular;

- (viii) to undertake manufacture of agricultural, machinery and implements, processing, packing, etc. and other production requisites and consumer articles by setting up manufacturing units either directly or in collaboration with or as a joint venture with any other agency, including import and distribution of spare-parts and components to up-keep of the machinery/ implements;
- (ix) to set up storage units for storing various commodities and goods, by itself or in collaboration with any other agency in India or abroad;
- (x) to maintain transport units of its own or in collaboration with any other organization in India or abroad for movements of goods on land, sea, air and operate freight station, container depot and undertake other incidental activities;
- (xi) to collaborate with any international agency or a foreign body for development of cooperative marketing, processing and other activities for mutual advantage in India or abroad;
- (xii) to undertake marketing research and dissemination of market intelligence;
- (xiii) to subscribe to the share capital and undertake business collaboration with cooperative institutions, public, joint and private sector enterprises, if and when considered necessary for fulfilling the objectives of NAFED;
- (xiv) to arrange for the training of employees of marketing/ processing/supply cooperative societies;
- (xv) Deleted;
- (xvi) to establish processing units for processing of agricultural, horticultural and forest produce, wool and allied products;
- (xvii) to undertake grading, packing, standardization, scientific treatment and process of agricultural produce and other articles;
- (xviii) to acquire, take on lease or hire, lands, buildings, fixtures and vehicles and to sell, give on lease or hire them for the business of NAFED.
- (xix) to advance loans to its members and other cooperative institutions on the security of goods or otherwise;
- (xx) to guarantee loans or advances or give undertakings to any Society or Company in which the Federation has a shareholding or financial

involvements as a promoter to be able to assist its development or expansion or for starting any industrial undertaking by such societies/companies;

- (xxi) to guarantee loans or advances or give undertakings on behalf of any such society or company as mentioned above to any financing institutions;
- (xxii) to do all such things or undertake such other business or activities as may be incidental or conducive to the attainment of any or all of the above objects.

3(B) Objects/(Functions)

(B)(1) Subject to the provisions of Section 24 Clause (1) & (2) (a) to (m) of the Act and any other law for the time being in force, NAFED may discharge the functions to facilitate the voluntary formation and democratic functioning of cooperative societies as federal cooperative or multi-State Cooperatives based on self-help and mutual aid.

(B)(2) without prejudice to the generality of the provisions contained in sub-section (1) NAFED may –

(B)(2) (a) ensure compliance of the cooperative principles;

(B)(2) (b) make model bye-laws and policies for consideration of its member co-operatives;

(B)(2) (c) provide specialized training, education and data-base information;

(B)(2) (d) undertake research, evaluation and assist in preparation of perspective development plans for its member cooperative;

(B)(2) (e) promote harmonious relations amongst member cooperative;

(B)(2) (f) help member cooperative to settle disputes among themselves;

(B)(2) (g) undertake business services on behalf of its member cooperative, if specifically required by or under the resolution of the general body or the board, or bye-laws of a member co-operative;

(B)(2) (h) provide management development services to a member cooperative;

(B)(2) (i) evolve code of conduct for observance by a member cooperative;

(B)(2) (j) evolve viability norms for a member cooperative;

- (B)(2) (k) provide legal aid and advice to a member co-operative;
- (B)(2) (l) assist member co-operative in organizing self-help;
- (B)(2) (m) develop market information system, logo brand promotion, quality control and technology up gradation.

Membership

- 4. (a) The membership of NAFED shall consist of the following categories:
 - (a)(i) State-level general-purpose cooperative marketing federations excluding Union Territories;
 - (a)(ii) Apex-level cooperative marketing organizations for Union Territories;
 - (a)(iii) State and Regional (inter-State) level cooperative institutions like special commodity federations, tribal cooperative federations and tribal cooperative development corporations, engaged or designed to engage primarily in the marketing, processing or distribution of agricultural, minor forest and allied produce, agricultural requisites and consumer goods;
 - (a)(iv)(1) Cooperative marketing/Processing Societies other than those covered under items 4(a)(i), (a)(ii) & (a)(iii) above, engaged in the marketing and/or processing of agricultural, minor forest and allied produce and/or agricultural inputs and having a minimum sales turnover of Rs.50 lacs or above in these activities during the cooperative year preceding the date of application for membership provided however, that the minimum sales turnover in respect of such cooperatives in cooperatively backward States, as defined by the Govt. of India, shall be Rs.25 lacs only;
 - (a)(iv)(2) The minimum share capital to be contributed by the Primary Cooperative Marketing/Processing Society as well as Apex level Cooperative Marketing Institutions for Union Territories covered under byelaw 4(a)(ii) and (iv)(1) shall be Rs.50,000/- (20 shares of Rs.2,500/- denomination each) for North Eastern States including Sikkim and Rs.1,00,000/- (40 shares of Rs.2,500/- denomination each for other States/ Union Territories.
 - (a)(iv)(3) The minimum share capital to be contributed by the State and Regional (inter-state) Level Commodity Federations and other organizations eligible for membership under byelaw 4(a)(iii) shall be Rs.2,50,000 (10 shares of Rs.25,000/- denomination each) for North Eastern States including Sikkim and Rs.5,00,000/- (20 shares of Rs.25,000/- denomination each) for other States/ Union Territories.

(a)(iv)(4) The minimum share capital to be contributed by State level General Purpose Cooperative Marketing Federations covered under byelaw 4(a)(i) shall be Rs.50,00,000 (200 shares of Rs.25,000/- denomination each) for States. In the case of North Eastern States including Sikkim, the contribution shall be Rs.7,00,000 (28 shares of Rs.25,000/- denomination each). Further, in the case of National Level Coop. Organizations covered under byelaw 4(a)(viii), the minimum contribution shall be Rs.2,00,00,000 (800 shares of Rs.25,000/- denomination each). The share capital to be contributed by the Govt. of India, National Cooperative Development Corporation and other Government organizations/undertakings covered under byelaw 4(a)(v), (vi) and (vii) shall be solely at their discretion and shares be subscribed accordingly.

(a)(iv)(5) Deleted

- (a) (v) Government of India;
- (vi) NCDC National Cooperative Development Corporation.
- (vii) Others Govt. Organizations /Undertakings and
- (viii) National Cooperative Consumer's Federation and any other National-level cooperative organization.

4(b) The NAFED may retire the shares held by the Government of India, Government Organizations and the National Cooperative Development Corporation at such time and in such manner as may be agreed upon between it and the Government of India/Government Organizations/ National Cooperative Development Corporation as the case may be.

Nominal Membership

4(c) Such other societies/ institutions not covered by byelaw 4(a) above, with whom the NAFED is likely to do business or store goods, or arrange sale thereof, provided the application for admission to such membership is received along with the admission fee of Rs.5,00,000/- and is duly accepted by the Board of Directors, may be admitted as nominal/associate members. Such admission fee shall not be refundable in any case. Such members will, however, not carry right to vote or participate in the management of the Federation or in the sharing of its profits or liabilities.

Admission and Allotment of Shares

5. Applications for admission as members and for allotment of shares shall be made to the Managing Director in the form if any, prescribed by NAFED for the purpose. Every such application shall be disposed of by the Board of Directors, who shall have power to grant admission or to refuse it after recording reasons for such refusal, provided, however, that society whose application has been refused by the Board of Directors, may appeal to the General Body and if the General Body so directs it shall be admitted as a member by NAFED. The decision of the General Body shall be final.

Admission Fee

6. Every member other than a nominal member shall pay Rs.1000/- as admission fee, which shall not be refunded in any case.

Rights of Member

7. When an applicant has been admitted to membership by the Board of Directors and it has paid its admission fee and share money, it shall be deemed to have acquired all the rights and incurred all the obligations and liabilities of a member of NAFED, as laid down in the Multi State Cooperative Societies Act 2002, the Rules made there under and these Bye-laws.

Withdrawal, Cancellation and Expulsion of Membership

8. The membership shall cease :

- (i) on cancellation of the registration of the Member Society;
- (ii) on redemption/withdrawal of the entire share capital.
- (iii) on expulsion from membership under Bye-law No. 9

9.(a) A member including a nominal member of NAFED may be expelled by two-third of the members present at a special General Meeting called for the purpose;

- (i) if it intentionally does any act likely to injure the credit of NAFED or fails to observe proper discipline in regard to work of NAFED;
- (ii) if it does any act which may be held by the Board of Directors or a General Body of NAFED to be dishonest or contrary to the stated objects of NAFED or to the interest of the Federation;
- (iii) if it persistently defaults or fails to carry out its obligations to the NAFED.

9. (b) Before expulsion, the member to be expelled will be given an opportunity to explain its position. After the explanation has been considered, the member may be suspended by the Board of Directors, which shall then call a General Meeting within one month from the date of suspension. Termination of membership shall take effect from the date of expulsion or such date as may be specified in the resolution of expulsion.

Deposits by Members

10. NAFED shall have a charge upon the share or contribution or interest in the capital and on the deposits of a member or past member, or deceased member and upon any dividend, bonus or profits payable to a member or past member or the estate of a deceased member in respect of any debt due from such member or past member or the estate of such deceased member to the NAFED, and may set-off any sum credited or payable to a member or past member or the estate of deceased member in or towards payment of any such debt.

Transfer of Fund

- 11 Subject to the provisions of the Act, notified rules and these Byelaws, a member or an ex-member may transfer its shares to another member or applicant qualified under these Byelaws and approved by the Board or to a share transfer fund.

Capital (Funds)

- 12 (a) NAFED may raise funds from one or more of the following sources:

- (a)(i) Admission fees,
- (a)(ii) Share Capital,
- (a)(iii) Loans and Deposits,
- (a)(iv) Grants-in-aid and donations, and
- (a)(v) Profits.

Provided that the total amount of deposits and loans received during any financial year shall not exceed the limit as prescribed in the Act and Rules in respect of NAFED's own activities. Provided further that loans and advances on account of operations on behalf of Government of India will be regulated in accordance with Government directions/authorization.

Sub-Para - Deleted

- 12(b) The authorized share-capital of the Federation shall be Rs.100 crores consisting of:

- (b)(i) 30000 shares of Rs.25,000/- each to be subscribed by the members categorized under byelaw 4(a)(i), (iii), (v), (vi), (vii) and (viii).
Subscription to be allowed to members categorized under byelaw 4(a)(ii) and (iv)(1) in case that category is fully subscribed.

(b)(ii) 1,00,000 shares of Rs.2,500/- each to be subscribed by the members categorized under byelaw 4(a)(ii) and (iv)(1).

Subscription to be allowed to members categorized under byelaw 4(a)(i), (iii), (v), (vi), (vii) and (viii) in case that category is fully subscribed.

Provided 1721 shares of Rs.1,000/- each and 234 shares of Rs.5,000/- each already issued shall not be disturbed and shall not effect the total of the authorized share capital.

Liability

13. In the event of liquidation, the liability of the shareholders for any deficit in the assets of NAFED shall be limited to the share capital subscribed by them.

Representation on the General Body

14. The General Body of NAFED shall consist of one representative each of the members admitted under Bye-law 4(a) and the Directors of other organizations/institutions on the Board of Directors of NAFED under Bye-law 21 including the two co-opted Directors.

15. Every member society, the Central Government and other organizations eligible to send representatives as per Bye-law 14 shall nominate their representatives on the General Body of NAFED and certified copies of the resolutions of the competent authorities or copies of the instrument of nomination shall be sent to the Managing Director. Such resolutions/instruments should specify the period for which such nominees will continue to represent them.

Annual Meeting of the General Body

16. (a) The Board shall within six months after the close of the corresponding year call the Annual General Meeting for the purpose of the following;

- (i) consideration of annual report;
- (ii) consideration of audited statement of accounts, audit report and compliance thereof;
- (iii) disposal of net profit;
- (iv) creation of specific reserves and other funds, if any;
- (v) approval of the annual business budget;
- (vi) expulsion of members;

- (vii) list of employees who are relatives of the members of the Board or Chief Executive;
- (viii) amendments of the byelaws, if any;
- (ix) election of the members of the board, if any;
- (x) to fix the maximum borrowing limit of Nafed;
- (xi) appointment of statutory auditors;
- (xii) review of operational deficit, if any;
- (xiii) review of actual utilization of reserves and other funds;
- (xiv) approval of long term perspective plan and the annual plan;
- (xv) review of annual report and accounts of subsidiary institutions, if any,
- (xvi) formulations of code of conduct for the members of the Board and officers.

Special Meeting of the General Body

- 16(aa)** A special General Body Meeting may be called at any time by the Board of Directors and shall be called by the Managing Director on receipt of a requisition from 1/5th of the total number of members or from the Registrar of Cooperative societies or any person authorized by him within one month from the date of receipt of such requisition.

Notice for the Special/General Meeting of the General Body

- 16(b)** In case of the Annual General Body Meeting, the date, time and place of the meeting shall be announced at least 21 days clearly in advance and in the case of special General Body Meeting at least 15 days in advance by a written notice. The notice for the meeting of the General Body shall be deemed to have been given after expiry of 24 hours after the meeting notices are sent to the representatives, provided the proof of such posting is retained in the office.

Quorum for the Meeting of the General Body

- 16 (c)** The quorum of the meeting of the General Body shall be 1/10th of the strength of the General Body to transact any business. In the absence of quorum for the meeting, the meeting shall be adjourned to take place on the same date of the next succeeding month at such hour as may be specified in the notice. No quorum shall be required in such adjourned meeting. Additional subjects, other than those circulated as agenda, shall not be discussed in the adjourned meeting. Each member shall have one vote irrespective of the number of shares held by him. The Chairman shall have a right casting vote in the event of equality of votes in all matters. No proxies shall be allowed. No member shall be allowed to vote if it is in arrears of its share money demanded by the Board of Directors.
- 16 (d)** The Chairman or in his absence one of the Vice Chairmen senior in age or in their absence one of the other members elected for the purpose shall preside over the General Body Meeting.
- 17.** Deleted.

Powers of the General Body

- 18.** The record of the decisions of the General Body duly signed by the Chairman shall be maintained.
- Unless otherwise provided in these Bye-laws, the ultimate authority in all matters relating to the administration of NAFED shall vest in the General Body.

Amendments in the Bye-laws

- 19. (1)** The amendments to the byelaws shall be made by a resolution passed by a two-third majority of the members present and voting at general body meeting.
- (2) An amendment of the byelaws shall, unless it is expressed to come into operation on a particular day, come into force on the day on which it is registered.
- (3) No such resolution shall be valid unless 15 clear days' notice of the proposed amendments has been given to the members.
- (4) Every such application shall be sent to the Central Registrar within sixty days' from the date of the general meeting at which such amendments to the bye-laws were passed.

Board of Directors

20. The Board of Directors shall in no case exceed 21 (twenty one) members.

Further that the Board may co-opt two directors in addition to 21 (twenty one), the Managing Director of Nafed shall also be member of the Board and shall also be excluded for the purpose of counting the total number of directors specified subject to the condition that the composition of the Board of Directors should be specified in the bye-laws.

The Board of Directors elected by the General Body shall consist of:

- (a) One nominee each of the State Level General Purpose Cooperative Marketing Federations excluding UTs admitted under byelaw 4(a)(i) which has contributed at least Rs.50 lacs individually as equity through admission/additional contribution.

In case there are more than 10 such member Federations then the first 10 in descending order of their ranking would be eligible to nominate one director each to the Board of NAFED. The ranking will be based on weighted average of the percentage equity share capital of the concerned State in the total issued share capital of NAFED and the average business with NAFED excluding PSS/MIS or any other business of Government Scheme in that State as a percentage of the total business with NAFED in equal proportion.

Such nominee shall be in accordance with the provisions of the Act/Rules 2002.

- (b) One Director, if eligible from North-Eastern States including Sikkim and Apex level Marketing Societies of the Union Territories registered under bye law 4 (a)(ii) to be elected on the basis of the criteria laid down at (a) above and if none qualifies than vacancy will be filled up by the eleventh candidate from the list prepared in Para (a) above.
- (c) One representative to be elected by the members admitted under Bye-law 4(a)(iii)
- (d) Seven representatives to be elected by members admitted under Bye-law 4(a)(iv) from amongst themselves;
- (e) One nominee of the Govt. of India, under Bye-law 4(a)(v) where the Govt. guaranteed repayment of principal and payment of interest on loans and advances to Nafed or has given any assistance by way of grants or otherwise to NAFED, the Govt. in this behalf, as the case may be, or any person authorized by the Govt. shall have the right to nominate person on the Board of Nafed. A person nominated under this section shall hold

office during the pleasure of the Govt. by which he has been so nominated.

- (f) Deleted
 - (g) Deleted
 - (h) Deleted
 - (i) One nominee of the National Cooperative Consumers Federation shall represent on the Board of Nafed on reciprocal basis;
 - (j) Not more than two eminent cooperators, economists or management experts in the country as may be co-opted by the Board of Directors. They shall have right to participate and vote. Such persons shall be eligible for re-cooption after the end of their term;
 - (k) Managing Director.
- 20 (l) There shall be four (4) Functional Directors i.e. Director – Finance, Director – Marketing, Director – PSS operations and Director – HRD & Cooperative Development. These Functional Directors shall be in whole time employment of NAFED and members of the Board of Directors and they shall be head of their specific areas and report to the Managing Director. However, their job responsibilities may be rotated upon by the Board of Directors on the recommendations of the Managing Director.

Association of Employees in Management Decision-Making Process.

A procedure has to be devised for associating the representation of an employee to a body for Management decision making process as would be deemed necessary from time to time.

Election of Chairman and Vice Chairmen

- 21 The members of the Board of Directors shall elect from amongst themselves a Chairman and two Vice-Chairmen. The terms of the Chairman and Vice-Chairmen shall be co-terminus with the term for which the Board has been elected. In case of any vacancy within this period, the Board may fill up the vacancy through re-election for the un-expired term of the Board.
- 22. The Chairman and the two Vice-Chairmen once elected shall continue to hold the office for the term of the Board except when the Board of Directors resolve to remove them by the 2/3rd majority of the Board with due notice.

Meeting of the Board of Directors/ Quorum of the Board Meeting

- 23.** Meetings of the Board of Directors shall ordinarily be held once in a quarter. In case of urgency, the orders of the Board of Directors may also be obtained by circulation and placed before the next meeting of the Board for confirmation. Such decisions shall have the same binding force as any other decision of the Board. In case, any dissenting note is received on a resolution sent by circulation, the matter should not be adopted and should be placed before the next meeting of the Board of Directors for a decision.

Four Directors present at a meeting shall form a quorum. If there be no quorum within 30 minutes from the time fixed for the meeting, the meeting shall stand adjourned to such other time and date not earlier than 10 days from the date on which the meeting was originally convened (after notice of the date to which it is adjourned is given) as the Directors present at such meeting may determine. At such adjourned meeting, if after waiting for 15 minutes, there be no quorum, the Directors present shall have the power to transact all the business specified in the agenda of the meeting which had to be adjourned for want of a quorum. No new subjects shall, however, be discussed at such adjourned meeting.

The Chairman or in his absence the senior in age of the Vice Chairmen present or in their absence one of the other members elected for the purpose shall preside over the meeting of the Board of Directors. Each member of the Board shall have one vote, but the Chairman shall have a casting vote in the event of equality of votes, except for elections where in case of equality of votes, decision will be taken by drawing of lots. At least 15 days, clear notice shall ordinarily be given to the members for the meetings of the Board of Directors.

Term of the Board

- 24** The term of office of the elected members of the Board shall be five years from the date of election and shall be eligible for re-election subject to the provisions of the Act. New Board of Directors required to be put in place before the expiry of the term as per the provisions of the Act.

All business discussed or decided at a meeting of the Board of Directors shall be recorded and shall be signed by the Chairman and the Managing Director.

In the case of Government nominees and representatives of other institutions, their membership on the Board of Directors shall continue for so long as they are not terminated by the Government/institutions nominating them.

Co-option to the Board of Nafed

In case of the vacancies on the Board of Directors during the period, one of the fresh representatives of the same society/institution represented by the outgoing member on the General Body may be co-opted to the Board of Directors by the Board in place of outgoing Director for the rest of the period or periods.

25. The Board of Directors shall maintain a list of representatives of members on the roll of NAFED; who are qualified to vote at the General Meeting of NAFED and bring such list up-to-date a month before each meeting.
26. A list of representatives of members shall be drawn up with reference to the resolutions of the Board of Management of the member institutions, which shall specify in the resolution the name of the representative and the period for which he was nominated.

Cease to Hold the Office of the Board

27. A member of the Board of Directors shall cease to hold office if he:
- (i) resigns and his resignation is accepted by the Board; or
 - (ii) holds any office of profit under NAFED or receives any honorarium from NAFED except in the case of the Managing Director; or
 - (iii) fails without showing satisfactory reasons to the Board to attend four consecutive Board Meetings; or
 - (iv) cease to represent the affiliated cooperative institution in the General Body of NAFED; or
 - (v) cease to be nominee of the Government or institution nominating him.

Powers and Functions of the Board

28. The Board of Directors shall exercise all the powers of NAFED except those reserved for the General Body subject to any resolutions or restrictions laid down by NAFED in a General Body Meeting or in the Bye-laws. In particular, the board has the following powers:
- (i) to observe in all their transactions the Act, the notified rules and these Bye-laws;
 - (ii) to place before the General Body, the Annual Report and the Audit Report;

- (iii) to consider and approve the Annual Budget (including supplementary budget) of NAFED;
- (iv) to consider the inspection notes of the Registrar and of any other person authorized to inspect by him and take necessary action;
- (v) to admit and suspend members and issue new shares and transfer of old shares;
- (vi) to decide matters relating to withdrawals, transfer, refund and forfeiture of shares;
- (vii) to summon General Body meeting in accordance with these Bye-laws;
- (viii) to appoint, suspend or remove the Managing Director who shall be ex-officio member of the Board of Directors;
- (ix) to decide an investment in the share capital of other cooperative and other institutions/bodies;
- (x) to purchase, sell or otherwise acquire and dispose of immovable property of NAFED;
- (xi) to accept or reject the resignation from the members of the Board of Directors and in the case of acceptance of resignation or vacancy falling for other reasons, to co-opt Directors from among the representatives to the General Body in accordance with Bye-law 24;
- (xii) to frame rules regarding recruitment, appointment, conditions of service, suspension and punishment in respect of the Managing Director;
- (xiii) to appoint an Executive Committee and Business Committee;
- (xiv) to grant business incentive with the object of promoting agricultural cooperative marketing in the country in general and that of the member-federations in particular.
- (xv) to recommend to the General Body distribution of profits;
- (xvi) to settle the terms and conditions regarding retirement of share-capital contributed by NCDC, Government of India/ State Government and other Government Organizations;
- (xvii) the Board of Directors shall be competent to make ad-hoc grants from out of its general funds or common good funds or any other fund created for the purpose for any cause of national emergency.

Maintenance of Record of Meetings

29. All business discussed or decided at a meeting of the Board of Directors shall be recorded in proceedings book, which shall be signed by the Chairman and the Managing Director.

Committees of the Board

30. (a) The Board may, subject to such condition as may be prescribed, constitute an Executive Committee, Business Committee and other Committees or Sub-Committees as may be considered necessary.

Provided that other Committees or Sub-Committees, other than the Executive Committee, Business Committee shall not exceed two.

- (b) The Board of Directors may delegate any of its powers to the Executive Committee, Business Committee or Sub-Committee constituted out of its members or to the Chairman/Vice-Chairmen or to the Managing Director or to any other officer of NAFED.

Executive Committee

31. The Board of Directors shall constitute an Executive Committee comprising the following members:

- (i) Chairman;
- (ii) One Vice-Chairman;
- (iii) Four Directors;
- (iv) Managing Director.

Powers and Functions of the Executive Committee

32. The Executive Committee shall have the following powers and functions:
- (i) arrange for internal checking of the accounts at least once in a quarter;
 - (ii) to hire or take on lease land, yards, godowns, building, processing plants, machinery, cold storage, etc.;
 - (iii) to purchase, sell or otherwise acquire or dispose of movable property of the NAFED.

- (iv) to fix the limits of cash balance to be kept by various officers and branches and authorize officers to sign or execute receipts and other documents on behalf of NAFED.
- (v) to arrange for raising funds for carrying on the business of NAFED and to determine the terms and conditions thereof;
- (vi) to decide the terms, period for and the rate of interest at which deposits are to be received and to arrange for repayment of such deposits;
- (vii) to frame rules regarding recruitment, appointment, suspension, punishment and other conditions of service in respect of the employees of NAFED, other than the Managing Director and to prescribe the scale and nature of securities to be obtained from the employees where necessary;
- (viii) to approve and sanction the staff required, from time to time, for carrying on the business of NAFED and to prescribe the scales of pay and other allowances and perquisites etc., in respect of the employees of NAFED other than Managing Director;
- (ix) to sanction expenditure on purchase of dead stock, furniture and fixtures, stationery, vehicles and other items required by NAFED and also sanction other contingent expenditure. Executive Committee may delegate these powers to the Managing Director and other Officers of NAFED subject to such restrictions as it may deem fit;
- (x) through any member or officer or employee of NAFED or any other person, specially authorized, to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings by or against NAFED or its officers/employees concerning the affairs of NAFED;
- (xi) to appoint such sub-committee as may be necessary from amongst its members and delegate to them such powers as may be appropriate;
- (xii) to appoint trustee or trustees, attorney or attorneys, agent or agents for the business of NAFED;
- (xiii) to refer any claims or demands for arbitration and to observe and perform the awards;
- (xiv) to sanction contracts which are in excess of Rs. 5 lakhs;
- (xv) any other powers delegated by the Board of Directors from time to time;
- (xvi) to delegate its powers to such officers of the Federation as it may deem fit.

The Executive Committee may meet as often as necessary but normally once in every quarter. Three members shall form a quorum in the meeting of the Committee. The meeting of the Executive Committee shall be presided over by the Chairman, in his absence by one of the Vice-Chairmen, senior in age and in their absence, the members present may elect their own Chairman from amongst themselves to preside over the meeting.

Business Committee

33(a) The Board of Directors shall constitute a Business Committee comprising as under :

- (i) Chairman;
- (ii) One Vice Chairman
- (iii) Four Directors;
- (iv) Managing Director.

Functions of the Business Committee

The Business Committee shall lay down the general policy about the overall business of the Federation and shall prescribe such terms and limits as it deem fit from time to time. It shall also review the progress made in business once in every quarter.

The Business Committee may meet as often as necessary but normally once in every quarter. Three members shall form a quorum in the meeting of the Committee. The meeting of the Business Committee shall be presided over by the Chairman, in his absence by one of the Vice-Chairmen, senior in age and in their absence, the members present may elect their own Chairman from amongst themselves to preside over the meeting.

Finance, Accounts and Audit Committee

(b) The Board of Directors shall constitute Finance, Accounts and Audit Committee comprising as under:

- (i) Chairman of the Committee
- (ii) Five Directors
- (iii) Managing Director.

Finance, Accounts and Audit Committee shall review periodically branch wise/ unit wise performance of the Federation, important audit observations and compliance thereof. It shall give suggestions wherever deemed necessary in the above matter.

Project and Development Committee

- (c) The Board of Directors shall constitute Project and Development Committee comprising as under:
- (i) Chairman of the Committee
 - (ii) Five Directors
 - (iii) Managing Director

The Committee shall make periodical review of progress of various projects. It shall also take view on the projects likely to be taken up. The Project Committee shall review and guide all the developmental and reform activities not being reviewed by any other Committee.

Meeting and Quorum of the Committees of the Board

- (d) In the case of Business Committee/ Finance, Accounts & Audit Committee/Project & Development Committee meetings, the respective Chairman of the Committee shall preside over the meeting. In their absence one of the Vice Chairmen senior in age/any elected Director to be decided by the members present shall preside over the meeting. Three members in any of the above meetings shall form a quorum. If there be no quorum within thirty minutes from the time fixed for the meeting, the meeting shall stand adjourned to for such other time and date as decided by the presiding authority. At such adjourned meeting, if after waiting for 15 minutes, there be no quorum, the Directors present shall have the power to transact all the business specified in the agenda of the meeting which had to be adjourned for want of a quorum. No new subjects shall, however, be discussed at such adjourned meeting.

Chairman

34. (i) The Chairman and the Vice-Chairmen elected by the Board of Directors shall act as the Chairman and Vice-Chairmen of the General Body of NAFED also.
- (ii) The Chairman shall preside over the meetings of the Board of Directors, General Body, Executive Committee and the Business Committee. In his absence one of the Vice-Chairmen shall preside and in the absence of the three, the members present shall elect one from amongst themselves as the Chairman of the meeting. When the Chairman is absent but both the Vice-Chairmen are present, the Vice-Chairman senior in age shall preside.
- (iii) Deleted.

- (iv) The Chairman shall be competent to take decisions as are of an urgent nature affecting the policy of the Federation on behalf of the Board of Directors, Executive Committee, Business Committee and any other committee, which may be deemed urgent on the advice of the Managing Director. The matter will be placed before the next meeting concerned for ratification. He (Chairman or his nominee) shall represent the Federation in different organizations/institutions.

Managing Director

- 35. (i) The Board of Directors shall appoint the Managing Director on such terms and conditions and for such period as it may decide.
- (ii) The Managing Director shall act as the Chief Executive Officer of NAFED and shall conduct the business of the Federation and shall exercise control over the administration of NAFED.
- (iii) He shall advise the Board of Directors, Executive Committee, Business Committee and other Committees in framing the policies and programmes of the Federation and implement the same after approval.

Powers and Duties of Managing Director

- 36(a) The following shall be the duties of the Managing Director:
 - (i) to summon the meetings of the General Body, Board of Directors, Executive Committee, Business Committee and other Sub-Committees, etc., and participate in them but shall have no right to vote in matters pertaining to elections;
 - (ii) to attend the meetings of the different committees and take necessary steps to implement the decisions taken in various meetings including matters relating to purchase, sales, storage, processing of agricultural and other commodities, machinery, etc., and matters incidental thereto;
 - (iii) to be responsible for the general conduct, supervision and management of the day-to-day business and affairs of NAFED.
 - (iv) to ensure proper maintenance of accounts of the Federation in the prescribed manner;
 - (v) to receive all moneys and securities on behalf of NAFED and to arrange for the safe custody of cash, records, properties and other securities of NAFED.
 - (vi) to assist in the inspection of books and records by various authorities empowered to do so under the Act, Rules and Bye-laws;

- (vii) to institute, conduct, defend, compound or abandon any legal proceeding by or against NAFED or its employees or otherwise concerning the affairs of NAFED and also to compound and allow time for payment or satisfaction of any claims or demand by or against NAFED;
 - (viii) to certify copies of entries in the books under the Act;
 - (ix) to incur expenditure within the approved budget estimates;
 - (x) to keep in safe custody all the registers and other papers in use of NAFED and other property of NAFED.
 - (xi) to arrange for the safe custody of all moneys received by NAFED and all other properties of NAFED, and for proper maintenance of accounts there of and for investment of funds of NAFED subject to the provisions of the Act, Rules and directions of the Board of Directors/Executive Committee;
 - (xii) to sign all deposit receipts and operate on the accounts of NAFED with the Banks. He may delegate all or any of the powers, authorities and discretions vested in him, to any employee/employees of NAFED, subject to the ultimate control and authority being retained by him;
 - (xiii) to sign receipts for moneys received by NAFED and to operate on the accounts of NAFED in the banks;
 - (xiv) to be the officer of NAFED, to sue or to be sued on behalf of the NAFED and sign and execute bonds, agreements and other documents for and on behalf of NAFED;
 - (xv) to determine the powers, duties and responsibilities of the employees of NAFED for ensuring proper conduct of the day-to-day business of NAFED;
- (b)** The Managing Director shall exercise control and supervision on the administration of the Federation and to conduct the affairs of the Federation in conformity with the Act and Rules, these Bye-laws and the decisions of the General Body, Board of Directors, Executive Committee and the Business Committee. He shall have, in addition, the following powers;
- (i) subject to these Bye-laws and such other rules framed from time to time and decisions of the Board of Directors and the Executive Committee, appointment, suspension and punishment of employees of the Federation and to grant them leave, normal increments and other perquisites;
 - (ii) to create temporary posts of casual nature for a period not exceeding three months to meet any emergent situation in respect of such categories of staff as may be decided by the Executive Committee;

- (iii) to initiate and carry on the business of the Federation and take such steps as may be necessary for carrying on the day-to-day business of the Federation;
- (iv) subject to such general or specific orders as the Board of Directors and/or the Executive Committee may issue from time to time, to enter into negotiations and contracts and rescind and vary such contracts and execute and do all such acts, deeds, and things in the name of and on behalf of NAFED, in relation to any of the matters aforesaid or otherwise for the purposes of NAFED;
- (v) to incur contingent expenditure not exceeding Rs. 1,000 in each case;
- (vi) to delegate all or any of the powers, authorities and discretions vested in him to an employee or employees of NAFED subject to the ultimate control and authority being retained by him.

Maintenance of Records

- 37.** The following registers and papers shall be maintained and shall be open to the inspection of any one interested in the funds except that no one shall be allowed to see the deposit account of any person without that person's consent in writing:
- (i) List of members, showing the name, address and occupation of every member, the number of shares held by it, the date of its admission to membership and the date of termination of its membership; if any.
 - (ii) Cash Book, showing the income, expenditure and balance on each day on which business is done.
 - (iii) Ledger account for each member, depositor, creditor, miscellaneous income expenditure, etc.
 - (iv) Share allotment register.
 - (v) Share installment register.
 - (vi) Stock register.
 - (vii) Purchase and sale register.
 - (viii) Separate minute book for the proceedings of the meetings of the General Body and those of the Board of Directors, the Executive Committee and the Business Committee.
 - (ix) Any other register prescribed by the Registrar or required by NAFED for its business.

Audit

- 38.** The accounts of the Nafed shall be audited at least once in a year by an auditor appointed as per MSCS Act.

Disposal of Net Profit

- 39.** As per the Act, Nafed shall, out of its net profit in any year:
- (a) transfer an amount not less than 25% to the reserve fund;
 - (b) credit 1% to cooperative education fund maintained by National Cooperative Union of India, New Delhi in the manner as may be prescribed;
 - (c) transfer an amount not less than 10% to a reserve fund for meeting unforeseen losses;

Subject to such conditions as may be prescribed, the balance of the net profit may be utilized for all or any of the following purposes, namely;

- (i) payment of dividend to the members on their paid up share capital in accordance with the provisions of the Act and Rules;
 - (ii) constitution of, or contribution to, any other fund created by Nafed.
 - (iii) donation of amounts not exceeding 5% of the net profit for any purpose connected with the development of cooperative movement or charitable purpose as defined in section (2) of the Charitable Endowment Act 1890;
 - (iv) payment of ex-gratia amount to the deserving employees subject to the maximum of three months salary.
- (d) Contribution to:
- (i) Building Fund.
 - (ii) Loss adjustment Fund.
 - (iii) Any other fund created by NAFED.
- 40.** It shall be competent for NAFED to incur expenditure on such measures as are conducive to the imparting of knowledge of cooperative principles and practices.
- 41.** Members of the Board of Directors shall be paid traveling and daily allowances on a scale approved by the Board of Directors.

Disputes

42. If any dispute touching the constitution or business of NAFED arising between members or past members of NAFED or persons claiming through a member or past member or between members or past members or persons so claiming and any officer, agent or servant of the society (past or present) or between NAFED or its committee, and any officer, agent, member, or servant of NAFED (past or present) it shall be referred to the Registrar as provided in the Cooperative Societies Act and Rules framed there under. The members shall include the nominal members also.

General

43. All matters not specially provided for are to be decided in accordance with Multi State Cooperative Societies Act, Rules notified there under.
44. The Board of Directors may frame rules of business not inconsistent with the Multi State Cooperative Societies Act, the Rules and these Byelaws for carrying on the work of NAFED and make additions or alterations in them from time to time.
45. In case of any dispute about the meeting or interpretation of any provisions of the Multi State Cooperative Societies Act, Rules and these Bye-laws, the decision of the Registrar shall be final.
46. In the event of conflict between the Bye-laws of NAFED and the affiliated societies, the byelaws of NAFED shall prevail.
47. No act of the General Body or the Executive Committee or other Committee shall be deemed invalid by reasons of any defect in the election of the members thereof or by reason of any vacancy therein not having been filled in accordance with these Byelaws.
48. Notwithstanding anything contained in these Byelaws all such existing members of NAFED as do not fulfill the qualification of membership as laid down in these Bye-laws shall continue to be members of NAFED.

Liquidation

49. The Nafed shall be wound up and dissolved only by the order of the Registrar in accordance with the provisions of the Act.

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**BYE LAWS OF NATIONAL AGRICULTURAL COOPERATIVE
MARKETING FEDERATION OF INDIA LTD (NAFED)**

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